

1   **Q.    Re: Wilson Pre- Filed Testimony, page 22. Dr. Wilson provides a proposed**  
2   **industrial rate design reflecting marginal costs.**

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4           **Please indicate if Dr. Wilson has reviewed Hydro Exhibit 12,**  
5           **the 2008 industrial rate design report indicating the common**  
6           **ground and remaining points of dispute between Hydro and**  
7           **the IC (at that time) regarding a rate design with increased**  
8           **marginal cost signals. If so, is there a reason Dr. Wilson did not**  
9           **build off of the rate design approach in this report, but instead**  
10          **appear to begin to design a new concept?**

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13   **A.    Yes. Dr. Wilson has reviewed Hydro Exhibit 12, the 2008 industrial rate design**  
14   **report, and he did build off the approach shown there. It would be desirable to**  
15   **have corresponding tail block rates for both NP and IC customers so that all**  
16   **customers were being charged the system's marginal cost of generation for their**  
17   **marginal consumption. This can be done by essentially using a block rate design**  
18   **similar to the one shown in Table 1 (page 10) of Hydro Exhibit 12. This is what is**  
19   **contemplated in the description at page 22 of Dr. Wilson's Report. Depending on**  
20   **the demand rate selected, the percentage of energy in the first block would likely**  
21   **be between 75 percent and 85 percent in order to accommodate a tail block rate in**  
22   **the range of 17 cents/kWh.**